

# County Road Commission Costs for Telecommunications Providers

Frontier Communications

Local Government Committee

October 6, 2015



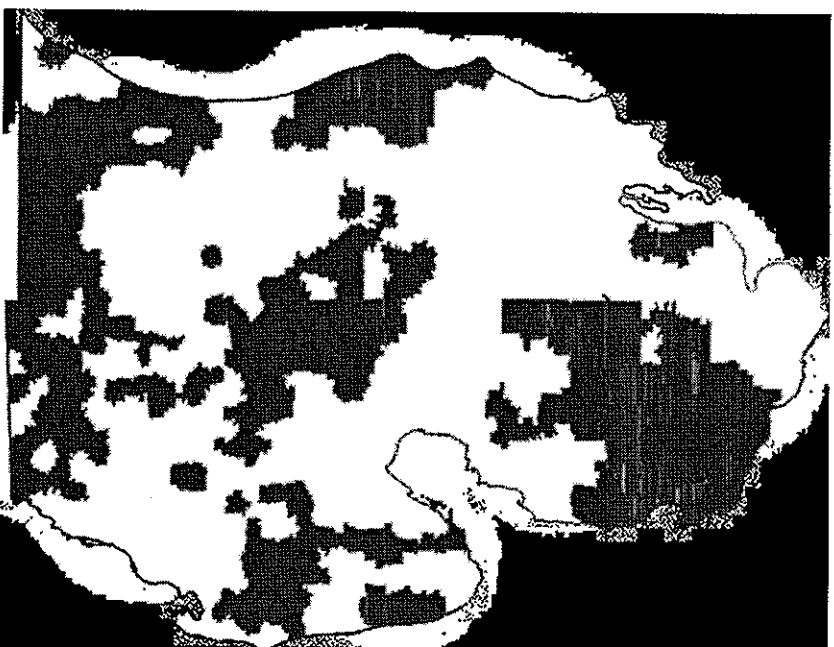
# Frontier Fast Facts

- Operate in 28 states including Indiana, Ohio, Wisconsin, Illinois, Iowa, Minnesota, Pennsylvania
- 100% U.S. based-workforce
- Michigan is the 8<sup>th</sup> largest of 28 states (6.0% of residential customers)
- Approximately 500 Michigan employees. (90 military experienced)
- Region headquarters for MI and WI in Muskegon
- 5 local markets (SW MI, Adrian, Alpena, Imlay City, Mt. Pleasant)
- Local Engagement Model with local General Manager with local control of investment and service
- 15% of our national workforce are Veterans or Active/Reserve Military. Member of The Military Spouse Employment Partnership, The 100,000 Jobs Mission, The Employer Partnership of the Armed Forces, Honor and Remember, and Joining Forces.



# Frontier's Service Footprint 42% of the land mass of the LP

- Over 25,000 miles occupied in local ROW
- 350 miles occupied in Federal ROW
- 1,500 miles occupied in State ROW
- 5,200 miles occupied in private or RR easement



# Local “Control” of ROW

- The cost of locating telecommunication infrastructure in the local public right of way
  - Under PA48 of 2002
  - Invoiced fees for the industry are greater than \$20M annually
  - Invoiced fees for Frontier exceed \$3.8M annually
  - Unique Frontier footprint and a history of serving Michigan since the 1920s
  - Increase broadband investment in Michigan
  - Rural versus Urban issue; private easement

# Who manages the local ROW?

- Rural communities pool costs with County Road Commissions (shared cost)
- Cities, villages, and township collect METRO permit and occupancy fees ( do not share with County Road Commission)
- County Road Commission not subject to METRO Act
- Telecommunications providers “double pay” to achieve broadband access goals

# Local ROW of Telecommunications Lines – Recovery

- Telecommunications providers are not allowed to directly recover these costs in Michigan (Determination No. 3)
- Local Community Stabilization Authority (METRO) has determined that Maintenance fees replaced the local administrative fees that providers formerly paid for permits (Determination No. 2)

# Who manages the Local ROW?

- Cities, towns, and villages collect ROW taxes
- County Road Commissions perform the work
- Cities, towns, and villages don't not move the tax \$\$\$ to the shared services provider
- The shared services provider, Road Commission, requires fees to construct
- METRO 2012 Annual Report

WHY ARE THE TAX \$\$\$ NOT MOVED TO THE ENTITY PROVIDING THE SERVICE?

# Analysis of Road Commission Fees

- Annual Maintenance Fees
- Permit Fees

Footage based fees

Flat Fees

No fees

- Examples Barry, Genesee, Ingham, Antrim, Ionia, Kalkaska



## SB 399

- Attempts to fix the problem of Road Commission fees for managing city, village, and township roads
- Does not cure the “double” fee issue
- Does not stabilize fees
- Frontier supports to actions with changes

## SB 399 Suggested changes

- Page 2 (2) and (3) No deadlines; increase fees that are already below \$300; annual maintenance; emergency permits
- Page 3 (5) Increase fees already lower than \$300
- Page 4 (7) line 7 delete "all"

Thank you

Questions and Answers

